

# Committee for Medicaid Reform

Testimony on Committee-Identified Issues

May 4, 2005



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# Nursing Home Reimbursement

Division of Health Care Financing  
Committee-Identified Issues – May 4, 2005



# Acuity-Based Versus Flat Rates

- We currently recognize 6 levels of SNF care:

Total SNF patient days in CY 2004	8,364,589
Intensive Skilled Nursing (ISN)	4.3%
Skilled Nursing Care (SNF)	88.8%
Intermediate Care 1 (ICF1)	6.7%
Intermediate Care 2 (ICF2)	0.1%
Intermediate Care 3 (ICF3)	0.0%
Brain Injured	0.1%



# Acuity-Based Versus Flat Rates

- We currently recognize 4 levels of DD care:

Total DD patient days in NH in CY 04 47,293

Developmental Disability 1A 68.0%

Developmental Disability 1B 14.8%

Developmental Disability 2 14.0%

Developmental Disability 3 3.2%



# Nursing Home Formula Components

- Direct care – actual costs for RNs, LPNs and CNAs up to a maximum based on level of care mix
- Administration, general services and supplies – uniform price-based daily rate
- Property expenditures (amortization, depreciation or rent) – actual costs to upper limits
- Property taxes – actual costs



# Acuity-Based Rates

- Create more granular patient categories based on:
  - Physical impairment/functioning
  - Cognitive functioning
  - Behavioral functioning
- Create facility case mix index and adjust quarterly, or
- Pay different rates for each patient based on acuity group
- The Governor has proposed acuity-based rates to better align payment with the costs of care, paying more for patients requiring more care.



# Flat Rates

- Same rate for everyone in the facility, or
- Uniform rate for each level of care
  - Sometimes called price-based





# Implementation Issues

- Transition period – planning for four years
- Whether to pay above costs for direct care
- Incentives for quality
- Special supplemental payments (e.g., brain injury, ventilator dependent)

